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THE NILSON REPORT

ISSUE
647

FOR 27 YEARS, THE LEADING PUBLICATION COVERING CONSUMER PAYMENT SYSTEMS WORLDWIDE

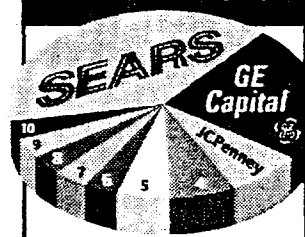
RETAIL CARDS IN THE U.S. 1996 There were 601.4 million credit cards in the United States issued exclusively for use at retail locations at year-end 1996, an increase of 2% over 1995. Those cards generated spending of \$112.89 billion, up 8%. Outstandings of \$85.96 billion were up 10%. (turn to page 6)

TOP RETAIL CARD EXECUTIVES For a list of forty senior card executives at retail stores that issue their own credit cards, and at sixteen firms that issue credit cards on behalf of retailers wanting to offer proprietary credit, please turn to page eight. Prior issues: 607, 560, 559 □

IDENTICATOR FINGERPRINT SYSTEMS The technology that will eventually replace personal identification numbers, signatures, photographs, and all other means of personal identification for consumer payment systems will be based on digitized code numbers derived from an image of ... (turn to page 7)

HONOR ACQUIRES BANKMATE Honor operates the second largest regional electronic funds transfer switch in the United States ranked by the number of transactions generated at point-of-sale terminals. It is third largest ranked by transactions at automated teller machines. The shared EFT ... (turn to page 5)

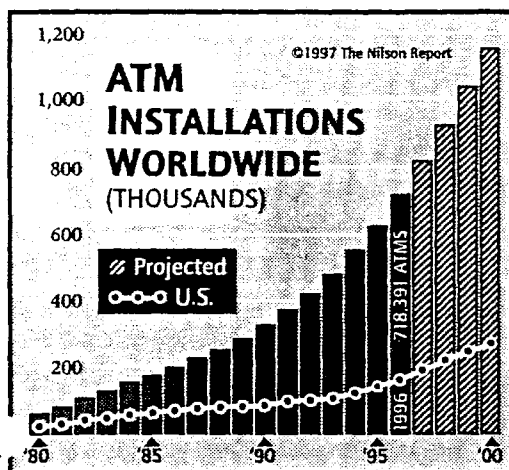
LEADING RETAIL CARD ISSUERS in the U.S. 1996



OUTSTANDINGS (\$BIL.)

1. Sears.....	\$26,700
2. GE Capital.....	\$16,000
3. JCPenney.....	\$5,399
4. Household.....	\$4,608
5. Beneficial.....	\$3,638
6. Banc One.....	\$2,514
7. May.....	\$2,410
8. Federated.....	\$2,404
9. SPS.....	\$2,200
10. Dayton Hudson.....	\$2,184

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ATM SHIPMENTS AND INSTALLATIONS

The worldwide installed base of automated teller machines and cash dispensers will top one million terminals by 1999, reaching almost 1.2 million by the end of 2000. In the U.S., the installed base of ATMs/CDs will exceed 268,000 at the end of 2000. At that time, the U.S. will account for 23.3% of the installed base worldwide, up from 21.3% at the end of 1996. Revenue opportunities from surcharging of transactions is pushing the deployment of CDs in off-premises ... (turn to page 4)

ALSO IN THIS ISSUE: Printec Portable Card Counters — Page 4 Orell Fussli New Swiss Currency — Page 4 Major TV Advertisers — Page 4 GE Capital Acquires American General Bank Cards — Page 10 Fast Facts & Job Mart — Pages 2,3

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AMERICAN EXPRESS prepaid phone cards will be sold at more than 370 sites in the national park system. Amex will donate \$1 to the National Park Foundation for each card sold. Connie Stiger is VP at American Express, (703) 448-0452, fax (703) 448-1404.

ATALLA CAPS-4 card-activation and PIN-selection terminal for HICO and LOCO magnetic stripe and chip cards is available for on-site issuance and for maintenance and repair of payment and loyalty cards. Cost ranges from \$1,795 to \$2,295 depending on quantity. Gary Lefkowitz is Dir. Prod. Mktg., (408) 435-5715, fax (408) 435-1116.

BANC ONE has completed acquisition of First USA, making it the 3rd largest Visa/MasterCard credit card issuer in the U.S.

WACHOVIA'S acquisition of Central Fidelity will result in CF's \$760-million bank credit card portfolio (processed by Total System Services) being absorbed into Wachovia's \$5.39-billion portfolio (processed in-house).

JOB MART — POSITIONS AVAILABLE

Subscribers pay \$300 per 100 words (nonsubscribers \$500).

NATIONAL PROCESSING COMPANY

seeks the following: VP Sales — Eastern Region.

Experienced professional in sale of credit and debit card processing to major chains of retail establishments, hotels, restaurants, and airline industry and/or check acceptance services including verification, guarantee, and collection. 8+ years of successful sales and sales management experience. BS/BA required. MBA preferred. Microsoft Office software skills needed. Ability to travel periodically. Reports to SVP Sales & Marketing. Base + bonus.

Sales Market Manager — Texas. Experienced sales professional with a minimum of 5 years successful sales experience (2 years preferred in check/bankcard industry) to sell to major retailers, hotels, and auto industry. BS/BA required. 4 state territory (TX, OK, AR, LA). Must have excellent presentation, communication, and negotiation skills. Base + bonus. **Major Proposals Manager — NJ.**

Experienced professional in creating high quality, customized sales proposals and presentations. Familiarity with bankcard processing and check acceptance services. 5+ years successful sales experience in consulting/financial services required. BS/BA required. MBA preferred. Proficiency in Microsoft Office software. Light travel. Reports to SVP Sales & Marketing. **Risk Manager — NJ.**

Analytical individual with MBA in finance/mathematics. 1-3 years in similar role or equivalent training to perform profitability studies, forecasting, risk analysis, creation of internal risk management models. Analyze large amounts of data and make recommendations for check acceptance system. Excellent compensation and full benefits package including Medical, Dental, Life, plus 401k/Profit Sharing. Qualified candidates send resume plus salary requirements to: NPC, 50 Riverdale Road, Riverdale, New Jersey 07457. Attn: HR Manager. fax (201) 839-6657.

FIRST ALLIANCE CORP., a consumer finance company that originates, purchases, sells, and services nonconventional mortgages through 25 branch offices in the U.S. and 3 in the U.K., will acquire a federally chartered thrift in California for the purpose of issuing credit cards and other financial service products. Mark Mason is EVP, (714) 224-8403, fax (714) 224-6696.

METRIS COMPANIES subsidiary of Fingerhut has added Bank of America as a customer for its card registration services. The firm also solicits the card file of Household Bank. Ron Zebeck is Pres. and CEO at Metris, (612) 525-5020, fax (612) 595-0510.

COMPAQ COMPUTER CORP. has agreed to pay \$3 billion in stock to buy Tandem Computers Inc., including that company's Atalla Corp. subsidiary.

CONCORD EFS will drive all Comdata Network ATMs and POS terminals in gaming establishments and will process debit card transactions from those terminals. Additionally, Concord will open its 400 ATMs to the 600,000 truck drivers that carry Comdata payment cards. Dan Palmer is CEO at Concord, (901) 371-8004, fax (901) 371-8050. Tony Holcombe is CEO at Comdata, (615) 370-6905, fax (615) 370-7670.

MONEYGRAM PAYMENT SYSTEMS, second largest U.S. consumer money transfer system, has opened its local outlets as prepayment centers for customers of Omnipoint Communications Services (cellular telephones). Stuart Reiss is SVP at MPS, (303) 716-6755, fax (303) 716-6818.

PRIORITY CALL MANAGEMENT'S ORYX telecom platform for cellular service providers offers on-line recharging by speaking to an operator or by entering a credit/debit card number. Andrew Ory is Pres., (508) 694-2688, fax (508) 694-2688.

CARD PAYMENT SYSTEMS, an independent sales organization headquartered in New York, has opened an office in Los Angeles where Ryan O'Connor is VP, (310) 656-3419, fax (310) 656-3421.

GEOTEL COMMUNICATION'S "Intelligent CallRouter" will be used by First USA at its four centers to handle in-bound customer service. The software, certified by AT&T, MCI, and Sprint, will distribute calls among 1,000 agents. Lou Volpe is SVP at GeoTel, (508) 275-5100, fax (508) 275-5399.

SCHLUMBERGER "Cyberflex Pre-Release Developers Kit" is the first to meet Sun Microsystems' Java Card standard endorsed by Visa International. Patrick Gauthier is Sales Mgr. at Schlumberger, (609) 234-8000, fax (609) 866-9089. Jon Kannegaard is VP at Sun's JavaSoft, (408) 343-1781, fax (408) 343-1601.

HEWLETT PACKARD has completed its acquisition of VeriFone.

XTRACASH, the ATM division of National Bankcard Assn., markets ATMs/CDs to off-premises locations including restaurants, hotels, and T&E-related establishments. Kurt Schusterman is SVP, (619) 712-1629, fax (619) 712-1616.

SERVICES will acquire Ladco Financial, a leasing and credit card terminal management company for \$22.5 million. Clay Whitson is CFO at PMT, (615) 254-1539, fax (615) 254-1501. Lee Ladd is Pres. at Ladco, (805) 373-1910, fax (805) 374-8574.

FIRST COMMONWEALTH BANK, with \$12.8 million in Visa/MasterCard outstandings at year-end 1996, should be added to the list of top bank credit card issuers published in issue #645. The bank would rank #265. Larry Kubala is SVP, (412) 463-5766, fax (412) 463-5264.

"DATA PRIVACY LAW" is a hard-bound book that analyzes international data-transaction issues in the public and private sector including U.S. Fair Information Practices. Cost is \$90. (804) 972-7600, fax (804) 972-7666.

H.E.R.O. (Health, Education & Retirement Organization), claims a patent to a "Passive Savings Card," a feature that can be added to credit/debit cards whereby participating merchants deposit an average 5% cash rebate into a cardholder's savings account. Issuers hold deposits to earn additional income. Cary Austin is CEO, (770) 565-1175, fax (770) 565-1822.

"CREDITCHECK MONITORING SERVICE" on the World Wide Web allows subscribers to order and monitor their personal credit report from Experian (formerly TRW) and to be notified when inquiries are made or negative information is added in their credit file. Consumer-Info.Com also offers a report containing information from all three credit agencies. Ed Ojdana is CEO, (714) 978-0078, fax (714) 978-0059.

AKBANK, nonexclusive licensee of American Express cards in Turkey, issues Gold and "Personal" cards and has added an Amex revolving credit card. All products are in local currency. Ilker Oral is Mktg. Mgr. at Akbank, 90 (212) 280-2780, fax 90 (212) 279-6166. Serkan Okar is Asst. Mktg. Specialist at Amex, 90 (212) 270-0044, fax 90 (212) 279-6166.

VISA DESJARDINS in Canada allows cardholders to defer payment of the full purchase price of merchandise to match terms available from a merchant's proprietary card program — for example, no finance charges or installment payments for up to one year, or equal installment payments for a period of time, including no finance charges. Remy Fortin is Gen. Mgr., (514) 397-4596, fax (514) 397-0157.

ITALY'S POST OFFICE, with 15,000 offices, will market American Express cards, allow Amex cardholders to settle charges through their postal accounts, and accept Amex cards for payment of the Post's express courier service. Around 4,000 offices will be in the program by the end of 1998. Massimo Quarra is Mgr. at Amex, 39 (6) 722-80754, fax 39 (6) 722-80770.

NEPAL GRINDLAYS BANK, a joint venture of ANZ Grindlays and Nepal Bank, is the first Visa issuer in Nepal. Chandra Aonihotri is Country Mgr. at Visa, (65) 437-5879, fax (65) 437-5825. Anil Shah is Card Center Mgr. at NGB, 97 (71) 246-748, fax 97 (71) 228-692.

IFS INTERNATIONAL will provide its TPII electronic funds transfer management system to support the online, reloadable Visa Cash card project in Japan. Kenneth Kimball is Dir. of Sales at IFS in New York, (518) 283-7900, fax (518) 283-7336. Ikue Ono is Proj. Mgr. at Visa Int'l in Tokyo, 81 (3) 525-10781, fax 81 (3) 525-10727.

CREDICARD BRAZIL, Latin America's largest credit card issuer, has signed a seven-year contract to use HNC Software's "Falcon" bank card fraud detection system. Cassio Casseb Lima is President at Credicard, 55 (11) 306-79010, fax 55 (11) 306-79590. Krishna Copinathan is VP at HNC, (619) 546-8877, fax (619) 452-6524.

APPLIED COMMUNICATIONS INC. has licensed its BASE24 software to two new ATM networks — Egyptian Banks Company and Qatar Central Bank. Tom Boje is Mng. Dir. at ACI, 44 (1923) 816-393, fax 44 (1923) 816-133. Mohammed Magued is Chairman and Mng. Dir. at EBC, 20 (2) 579-3070, fax 20 (2) 579-3071. Abdul-Hadi A. Ahen is Bus. Mgr. at Qatar Central, (974) 456-456, fax (974) 430-215.

MANAGEMENT CHANGES

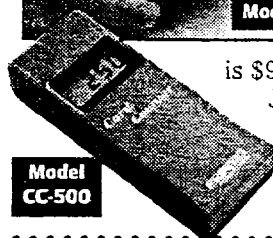
Atsushi Niimura has been appointed Deputy President at JCB Int'l Co., 81 (3) 329-47000, fax 81 (3) 329-36457. **David Alvarez** has been promoted to Exec. VP at Provident Financial, (415) 543-0404, fax (415) 278-6028. **Emerson Brumback**, formerly at Banc One, has joined M&T Bank as Exec. VP, (716) 842-5590, fax (716) 842-5220. **Peter Davidson**, formerly at Marine Midland, has joined Speer & Assoc. as Exec. VP, (404) 396-2528, fax (404) 396-1272. **H.D. Weed** has retired as head of the GM Card program at General Motors Corp. **Carlo Gherardi** has been appointed President of ACCIS (the Association of Consumer Credit Information Suppliers) in Europe, 39 (051) 277-511, fax 39 (051) 221-865. **François Conchon** has been appointed Senior VP EMEA at DataCard France, 33 (1) 489-72323, fax 33 (1) 436-33711. **Stephen Rudd** has been appointed VP Central Iss. EMEA at DataCard Corp., 44 (1489) 555-600, fax 44 (1489) 555-601. **Shigemitsu Takashima**, formerly at Nippon Bee Chemical, has joined CFC Int'l as Pres. and GM, Asia Pacific, 81 (3) 326-82321, fax 81 (3) 326-82335. **Jacob Goldman**, formerly at Solaic, has joined American Banknote as VP Corp. Development, (212) 557-9100, fax (212) 338-0728. **Keith Kendrick**, formerly at AT&T, has joined First Virtual Holdings as VP Mktg., (619) 350-3452, fax (619) 793-2950.

CONFERENCES & SEMINARS

PAYSYS EXTRA ANNUAL CLIENT CONFERENCE: Sept. 10-12, 1997, Hyatt Regency Grand Cypress, Orlando, Florida. \$850. Attendance: 200. Contact Christine Harland, PaySys, (407) 660-0343, fax (407) 875-8246. **VISION '97 — THE CCN/EXPERIAN CREDIT CONFERENCE:** Oct. 5-8, The Westin La Paloma, Tucson, Arizona. \$995. Attendance: 400. Contact Karen Schremmer, Experian, (404) 841-1409, fax (404) 841-1458.



Model CC-1



Model CC-500

PRINTEC PORTABLE CARD COUNTERS Two models of battery operated hand-held card counters are available from Japan-based Printec. Model CC-1 counts 500 cards in a second by moving the reader across the edge of the cards held in the hand or in a tray and then touching a button to instantly show the number, which can total up to 20,000 cards of 0.76 mm thickness. A double check of the count simply requires sliding the counter over the cards a second time. Model CC-500 counts up to 500 cards with thicknesses ranging from 0.008 mm to 0.031 mm. The price is \$985 for CC-1 and \$2,950 for CC-500. Roy Yamane is Director of Koyo Japan (distributor) in Saitama, Japan and Y. Hada is President of Printec International (manufacturer) in Tokyo, 81 (3) 373-86633, fax 81 (3) 373-86603. □

ORELL FÜSSLI NEW SWISS CURRENCY The fifth largest security printer in the world was founded in 1519 in Zurich, Switzerland, and has annual revenues in excess of \$120 million. Since 1978, Orell Füssli has been one of the major suppliers of Eurocheque checks and ATM cards, although card manufacturing was sold to Cardag in Unterentfelden, Switzerland two years ago. Orell Füssli designed and is the exclusive printer of new Swiss currency. The 50-franc denomination will be the world's first digital bank note that includes 2.5 billion security checkpoints which can be accessed electronically. Security features include four defractive foil kinegram features made by Landis & Gyr in Zug, Switzerland. A raised foil triangle at one end identifies the denomination for the blind. The note is resistant to accurate reproduction by modern color laser printers, displays numerous official seals, involves ten separate printing processes including silk screening and hot stamping, and includes a protective lacquer to prevent defacing and degeneration through use. John Coleman is Managing Director at Orell Füssli Graphic Arts Ltd., Security Printing in Zurich, 41 (1) 466-7711, fax 41 (1) 466-7901. Prior issues: Security Printers 644, 640, 633, 631 Orell Füssli 601, 520, 495 □

ATMs (from page 1) ... locations in the U.S. The number of new locations for card-activated delivery of cash in the U.S. is increasing at a faster pace than in Japan, Europe, Canada, Australia, and other established markets. While some countries in Europe have seen movement toward off-premises CDs, not all world regions will follow this trend.

At the end of 1996, automated teller machines and cash dispensers installed worldwide totalled 718,391, an increase of 14.4%, or more than 90,000 units, over 1995. **Asia/Pacific**, led by Japan, continued to be the world region with the largest installed base of ATMs/CDs with 282,059 units, 39.3% of all terminals worldwide. **Europe** remained the second largest

MAJOR TV ADVERTISERS AMONG THE TOP 150 1996 Spending & Chg. vs. 1995

CREDIT CARD BRANDS

Visa	\$155,838,200	+38%
Amer. Express	\$153,316,700	+9%
MasterCard	\$87,478,700	+16%
Discover	\$61,681,300	+12%

BANKS & FINANCIAL SERVICES

Prudential	\$68,272,900	+209%
Money Store	\$43,873,600	+3%

TELEPHONE COMPANIES

AT&T	\$479,722,900	+2%
MCI	\$284,450,000	+7%
Sprint	\$231,319,300	+34%
BellSouth	\$71,192,800	+227%
Ameritech	\$44,648,100	+8%
Bell Atlantic	\$44,144,400	+55%
GTE	\$44,127,600	+8%

AIRLINES

Southwest	\$47,234,900	+33%
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RETAIL STORES

Sears	\$293,102,700	+17%
JCPenney	\$186,840,500	+9%
Wal-Mart	\$124,727,600	+11%
Circuit City	\$114,601,300	+36%
Home Depot	\$87,614,600	+35%
Best Buy	\$78,393,500	+24%
Target	\$70,568,000	+22%
Kmart	\$67,590,400	+19%
Radio Shack	\$51,815,300	+41%

market with 182,451 terminals, 25.4% of all units. The **United States**, with 153,205 units, had 21.3% of the installed base. **Latin America**, with 63,947 terminals, had 8.9% of the world total. **Canada** with 18,450 had 2.6%, slightly ahead of **Middle East/Africa** with 18,279 units. Prior issues: 620, 592, 579, 528, 470

SHIPMENTS. The U.S. off-premises market is so strong that it has resulted in cash dispensers accounting for more than half of all ATMs/CDs terminals shipped worldwide, something that had not previously occurred in this 30-year-old industry.

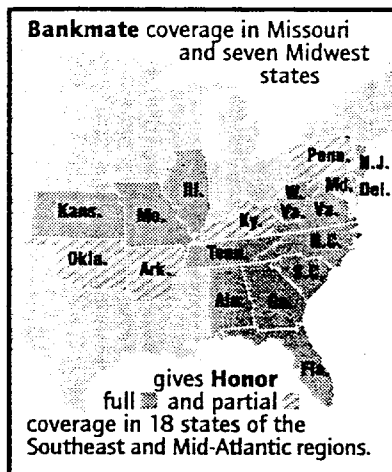
When the CD market slows in the U.S., sometime in 2000, the worldwide mix of shipments of full-service automated teller machines and limited-purpose cash dispensers will shift again, with automated teller machines accounting for a majority of shipments. This will be good for manufacturers because these units generate more revenue and are more profitable. Through 2000, revenues earned by manufacturers from shipments of more than 644,872 newly manufactured ATMs and CDs will exceed \$9.35 billion. Prior issues: 645, 642, 639 □

ATM INSTALLATIONS & SHIPMENTS 1990-2000

YEAR	INSTALLATIONS		SHIPMENTS - New Terminals						Refurbished Units:	
	World	United States	TOTAL		NEW LOCATIONS		REPLACEMENTS		NEW LOCATIONS	
			World	U.S.	World	U.S.	World	U.S.	World	U.S.
2000	1,152,855	268,263	178,668	45,646	113,434	28,300	65,234	17,346	2,500	1,300
1999	1,036,921	238,663	166,979	43,890	110,560	28,090	56,419	15,300	2,300	1,300
1998	924,061	209,273	156,055	41,820	102,883	26,346	53,172	15,474	2,100	1,300
1997	819,078	181,627	143,170	39,453	98,787	27,222	44,383	12,231	1,900	1,200
1996	718,391	153,205	131,350	34,307	88,689	23,670	42,661	10,637	1,700	1,225
1995	628,002	128,310	117,681	24,323	77,206	16,524	40,475	7,799	1,600	1,150
1994	549,196	110,636	108,487	21,400	69,161	12,064	39,326	9,336	1,400	1,010
1993	478,635	97,562	87,746	14,653	57,824	7,878	29,922	6,775	1,424	895
1992	419,387	88,789	70,942	9,723	45,117	5,345	25,825	4,378	1,197	805
1991	373,073	82,639	69,521	8,527	45,322	4,927	24,199	3,600	980	700
1990	326,771	77,012	67,973	8,802	42,065	4,520	25,908	4,282	1,040	840

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Honor/Bankmate (from page 1) ... system has been serving 1,870 financial institution members in twelve states with a customer base of more than 40 million debit cards after merging with four other regional switches in the Southeast and mid-Atlantic states.



Honor's next acquisition, subject to regulatory approval, will be the BankMate switch based in St. Louis, Missouri, owned by MasterCard. BankMate has 725 financial institution members and 4.5 million cardholders, mostly in Missouri, Kansas, and Illinois, but also in Kentucky, Oklahoma, Tennessee, and Arkansas.

Honor was formed in 1983 by Barnett, Southeast, First Florida, Sun Banks, NCNB, and others. In 1990, it merged with Avail and Relay, adding terminals in Georgia and the Carolinas. Its geographic coverage qualified Honor as one of the nation's first "superregional" electronic funds transfer systems. In January of this year, Honor completed mergers with two more competitors — Most, with terminals in Virginia, Tennessee, West Virginia, Pennsylvania, New Jersey, Delaware, and Maryland, and ... Alert, covering Alabama. The addition of BankMate expands Honor's service area to 18 states and the District of Columbia. Transaction volume will

exceed 85 million monthly from 32,200 ATMs and 365,000 PIN-based POS terminals.

Thomas Bennion is President at Honor Technologies Inc. in Maitland, Florida, (407) 875-2525, fax (407) 660-6099. Prior issues: 638, 627, 625, 615, 582 □

Retail Cards (from page 1) Among the 42 top retailers that owned and operated their own card programs, only Sears Roebuck, Dayton Hudson, Circuit City, Jewelers Financial, Neiman Marcus, Proffitts, Belk Stores, Specialty Retailers, Pier 1, and Troutman's Emporium grew their portfolios of outstandings at a rate exceeding the industry average. Among the top 33 private label issuers, Household, Beneficial, Banc One, Dial National, Associates, US Bancorp, Avondale Financial,

Custom Data, Bank of Raleigh, First National Commerce, and Security Savings grew faster than the industry as a whole.

Retailers that owned their own receivables controlled 60.9% of all revolving credit card outstandings generated by retail cards, down from 61.1% one year earlier. This continues a steady decline of proprietary credit outstandings as retailers move towards private label cards. These firms included nonbanks (led by

RETAIL STORE CREDIT CARD RESULTS 1996

PL = private-label companies that own receivables generated by credit cards, which are usable only at outlets owned or controlled by the issuer.

Rank	Issuer, Headquarters	Outstandings (mil.)	% Chg.	Charge Volume (mil.)	% Chg.	Accounts Total (000)	Active (000)	Cards Issued (000)
1.	Sears, Roebuck Chicago, Illinois	\$26,700.0	+12%	\$18,647.0	+9%	61,500	31,000	81,500
2.	GE Capital Stamford, Connecticut PL	\$16,000.0	+7%	\$26,000.0	+13%	78,000	25,000	68,000
3.	JCPenney Plano, Texas	\$5,398.7	+5%	\$9,904.5	0%	60,979	17,000	87,210
4.	Household Retail Prospect Heights, Ill. PL	\$4,608.0	+23%	\$4,062.0	+54%	6,900	2,836	7,590
5.	Beneficial Corp. Wilmington, Delaware PL	\$3,638.0	+53%	\$3,944.0	+36%	9,096	3,788	10,096
6.	Banc One Dayton, Ohio PL	\$2,514.1	+46%	\$2,712.8	+32%	6,740	2,725	7,725
7.	May Dept. Stores St. Louis, Missouri	\$2,410.0	+1%	\$6,000.0	0%	30,000	10,300	48,600
8.	Federated Dept. Stores Mason, Ohio	\$2,404.0	-11%	\$5,228.7	-9%	29,000	12,850	47,500
9.	SPS Trans. Serv. Riverwoods, Illinois PL	\$2,200.0	0%	\$5,000.0	0%	10,600	4,400	13,300
10.	Dayton Hudson Minneapolis, Minnesota	\$2,184.0	+14%	\$3,771.5	-1%	23,400	7,600	30,420
11.	World Financial Columbus, Ohio (1) PL	\$1,831.1	+7%	\$3,088.7	-1%	24,070	7,338	25,000
12.	Spiegel Group Beaverton, Oregon	\$1,625.0	-5%	\$1,205.2	-16%	13,743	3,569	16,759
13.	Circuit City Richmond, Virginia	\$1,534.0	+48%	\$2,230.0	+49%	4,500	1,600	5,600
14.	Army & Air Force Exchange Dallas, Texas	\$1,200.0	-13%	\$603.0	-17%	1,440	1,037	1,441
15.	Dillard's Phoenix, Arizona	\$1,154.7	+3%	\$2,748.2	+2%	14,800	6,500	24,490
16.	Nordstrom Englewood, Colorado	\$714.6	-6%	\$1,664.4	-9%	8,248	3,290	13,486
17.	Citibank Retail Serv. Melville, N.Y. PL	\$697.0	-19%	\$1,668.0	-20%	9,991	2,753	13,600
18.	American Gen. Fin. Salt Lake City, Utah PL	\$621.6	-23%	\$142.6	-64%	605	297	334
19.	Mercantile Credit Baton Rouge, Louisiana	\$594.4	-2%	\$875.0	-4%	3,840	1,719	5,800
20.	Jewelers Financial Irving, Texas	\$557.5	+11%	\$566.5	+14%	1,966	779	1,966
21.	Whirlpool Benton Harbor, Michigan (2)	\$489.2	-11%	\$610.4	-3%	1,500	500	1,717
22.	Saks Fifth Avenue New York, New York	\$468.0	+9%	\$900.4	+13%	4,200	1,651	5,900
23.	Bridgestone/Firestone Brookpark, Ohio	\$465.3	+6%	\$393.8	+5%	3,875	1,065	3,890
24.	Neiman Marcus Group Dallas, Texas	\$440.0	+11%	\$1,550.0	+19%	5,300	1,600	5,300
25.	Proffitts Jackson, Mississippi	\$400.0	+60%	\$1,000.0	+43%	4,000	1,700	4,500
26.	NationsBank Dover, Delaware PL	\$377.0	+9%	\$292.4	0%	1,285	832	1,363
27.	Belk Stores Charlotte, North Carolina	\$350.0	+14%	\$815.0	+2%	3,200	1,500	4,700
28.	Charming Shoppes Bensalem, Pennsylvania	\$340.0	-14%	\$401.0	-9%	8,200	1,450	9,000
29.	Dial National Bank Des Moines, Iowa PL	\$308.0	+12%	\$192.5	+10%	384	321	505
30.	Carson Pirie Scott Hillside, Illinois	\$302.7	+9%	\$549.9	-3%	2,650	1,050	5,600
31.	Sterling Akron, Ohio	\$287.1	+5%	\$520.2	+5%	1,241	520	1,759
32.	Specialty Retailers Jacksonville, Texas	\$252.0	+11%	\$443.0	+5%	5,900	1,600	7,300
33.	American Retail Pembroke Pines, Fla. (3)	\$202.1	+5%	\$431.0	+7%	2,099	895	3,600
34.	Navy Exchange Virginia Beach, Virginia	\$200.0	+1%	\$154.3	-31%	246	166	357
35.	Boscov's Laureldale, Pennsylvania	\$191.3	+8%	\$282.0	-2%	913	465	1,187
36.	Kohl's Menomonie Falls, Wisconsin	\$188.7	+9%	\$294.0	+9%	1,144	482	1,550

Rank	Issuer, Headquarters	Cards Issued (000)
37.	Elder-Beerman Dayton, Ohio	81,500
38.	Associates First Capital	68,000
39.	The Bon-Ton York, Penn.	87,210
40.	Seaman Furniture Union	7,590
41.	Pier 1 Imports Fort Worth	10,096
42.	Gottschalks Fresno, Calif.	7,725
43.	US Bancorp Portland, Ore.	48,600
44.	Shoppers Charge Mahwah	47,500
45.	ZCMI Salt Lake City, Utah	13,300
46.	First of America	30,420
47.	Avondale Financial Chicago	25,000
48.	Jacobson's Jackson, Mich.	16,759
49.	Cato Corp. Charlotte, N.C.	5,800
50.	UMB Bank Kansas City, Mo.	1,441
51.	C.R. Anthony Oklahoma City	24,490
52.	Troutman's Emporium	13,486
53.	Custom Data Baldwin, N.Y.	13,600
54.	Gantos Grand Rapids, Mich.	334
55.	CWT Specialty So. Attleboro	5,800
Other Retailers		
Other Private Label		
Total (5)		

Some prior year figures have been revised. Excludes co-branded Visa and cards of issuers Nordstrom and proprietary oil company cards (Exxon) and Associates (Amoco). (1) A unit of Alliance Data Systems Limited Credit Services and prior business formerly owned by National City. (2) Includes some third-party cards. (3) Was called Specialty Department. (4) Merged with Specialty Retailers. (5) Totals do not include duplicate cards, for example, Citicorp as a Visa issuer. Navy Exchange, Fingerhut, and other marketers are not included because they do not issue credit cards.

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Capital), large banks (led by Banc One), midsize banks (led by US Bancorp, soon to be part of First Bank System), and small local banks.

By 2005, retail cards in force are expected to reach 781 million. Charge volume should exceed \$203.02 billion annually and outstanding receivables should top \$155.57 billion. Prior issues: 625, 607 □

credit cards they issue on behalf of clients whose name appears on the client, including retailers such as Montgomery Ward, Macy's, etc.

	Out-standings (mil.)	% Chg.	Charge Volume (mil.)	% Chg.	Accounts Total (000)	Active (000)	Cards Issued (000)
Ohio	\$152.8	+9%	\$259.1	-12%	2,800	507	3,950
A Dallas, Texas PL	\$144.0	+19%	\$165.9	+22%	150	134	150
Ivania	\$142.6	-7%	\$346.1	-2%	2,760	1,130	4,325
adale, New York	\$90.1	+6%	\$107.3	+7%	249	71	147
1, Texas	\$87.1	+11%	\$224.2	+19%	2,246	496	2,532
onia	\$84.6	+1%	\$200.9	+4%	790	337	1,383
gon PL	\$80.0	+322%	\$57.0	+8421%	376	120	193
ah, New Jersey PL	\$62.6	-8%	\$124.6	+24%	742	170	713
	\$55.6	+3%	\$103.8	+6%	249	131	409
zoa, an PL	\$52.2	-36%	\$41.4	-10%	120	44	116
ago, Illinois PL	\$52.0	new	\$60.0	new	75	73	75
gan	\$45.3	0%	\$192.9	+7%	531	178	1,420
+ -olina	\$44.5	new	\$63.7	new	1,175	401	1,175
PL	\$35.4	-17%	\$111.0	+2%	244	111	262
City, Oklahoma (4)	\$35.0	+6%	\$27.7	+7%	500	100	700
Eugene, Oregon	\$30.2	+17%	\$70.6	-1%	619	173	2,285
ew York PL	\$28.0	+22%	\$171.0	+4%	446	260	384
igan	\$24.0	-4%	\$66.0	-6%	750	180	1,050
ro, Mass.	\$21.0	-9%	\$55.0	-15%	560	225	950
	\$479.0	—	\$827.8	—	6,359	2,118	8,993
PL	\$368.2	—	\$559.7	—	1,574	766	1,826
\$85,955.1 +10% \$112,888.9 +8% 468,738 169,961 601,410							

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OTHER PRIVATE LABEL — Bank of Louisiana Metairie, Louisiana
Bank of New Hampshire Manchester, New Hampshire Bank of
Raleigh Beckley, West Virginia Commerce Bank & Trust
Worcester, Massachusetts CreditCard Financial San Antonio,
Texas Fifth Third Bank Cincinnati, Ohio First Chicago NBD
Troy, Michigan First Community Bank Bluefield, West Virginia
First Family Financial Atlanta, Georgia First Financial
Stevens Point, Wisconsin First National of Commerce New
Orleans, Louisiana Green Tree Financial St. Paul, Minnesota
Intrust Bank Wichita, Kansas Liberty Bankcard West Des
Moines, Iowa Old Kent Bank Grand Rapids, Michigan Security
Savings Olathe, Kansas and others.

OTHER RETAILERS — Harris Dept. Stores San Bernardino,
California Liberty House Honolulu, Hawaii Dunlap
Companies Fort Worth, Texas Swazey's Patchogue, New York
and others.

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Indicator (from page 1) ... the cardholder's finger. This technology, called "finger minutiae," does not at any stage involve reproduction, matching, or storing of an actual "fingerprint." It is based on use of a mathematical algorithm to calculate numerical values that represent physiological characteristics of a person's fingertip by reading the ridge endings and ridge splits. These are called minutiae, and they do not change over time. Minutiae-based systems may contain up to 100 match points per single input ... only 12 are needed for positive identification in any U.S. court of law. These values cannot be used to recreate the actual print and are not to be confused with "pattern-based" recognition systems being promoted for personal identification.

Giant automated minutiae-based systems, supplied by Lockheed, NEC, Printrak, and others, have been used for 25 years by the Federal Bureau of Investigation in the U.S. and by law enforcement agencies worldwide. Because finger minutiae originates the input and exists only in digitized form, it doesn't carry the stigma associated with fingerprinting — sometimes perceived as an invasion of privacy. But even the privacy concerns are lessening — ten states in America require applicants to leave a fingerprint before issuing a driver's license.

At least 20 companies are promoting some type of system based on recognition of fingerprints as the replacement for both of the most widely used means of cardholder identification: personal identification numbers (PINs) — compromised when they are written down or forgotten, or ... signatures that can be easily forged. It is evident that the card industry has finally faced up to the fact that all other biometric alternatives, including voice recognition, hand geometry, photographs, vein patterns, thermal imaging of the face, eye retina scanning, etc., will never become serious contenders at the point of sale.

(turn to page 9)

RETAIL AND PRIVATE LABEL CARD EXECUTIVES

RETAIL CARDS

American Retail – **EDWARD EPSTEIN** is VP Credit, (954) 433-4501, fax (954) 433-4545.

Army & Air Force Exchange – **JERRY JUSTUS** is VP, (214) 312-2011, fax (214) 312-6618.

Belk Stores – **OAKLEY ORSER** is VP Credit, (704) 357-1500 x7000, fax (704) 357-1861.

The Bon-Ton – **JOHN GLEASON** is VP Corp. Credit, (717) 849-2132, fax (717) 849-2145.

Boscov's – **DEAN SHEAFFER** is VP, Dir. of Credit, (610) 929-7350, fax (610) 929-7353.

Bridgestone – **LANE EHMKE** is President Credit Services, (216) 362-5005, fax (216) 362-5069.

Carson Pirie Scott – **THOMAS TIO** is Manager Credit Promo., (630) 516-8060, fax (630) 516-8031.

Cato Corp. – **ALAN WILEY** is Sr. Executive VP, (704) 551-7201, fax (704) 551-7652.

Charming Shoppes – **KIRK SIMME** is VP Credit, (215) 638-6722, fax (215) 633-4734.

Circuit City – **KATE BURLIJON** is VP, (804) 967-2940, fax (804) 967-2954.

CWT Specialty – **RICHARD MELIES** is VP Credit, (508) 399-6020, fax (508) 399-6733.

Dayton Hudson – **RON PRILL** is VP, (612) 307-6234, fax (612) 307-6237.

Dillard's – **RANDAL HANKINS** is President Dillard National Bank, (602) 503-5501, fax (602) 503-5507.

Dunlap Companies – **DOUG DUNLAP** is Head of Operations, (817) 336-4985, fax (817) 877-1302.

Elder-Beerman – **TIM BRODENICK** is VP Credit, (937) 296-2872, fax (937) 296-4674.

Federated – **JACK BROWN** is Sr. VP, (513) 573-2004, fax (513) 573-2720.

Gantos – **MIKE FABER** is Dir. Credit Services, (616) 940-8735, fax (616) 949-5884.

Gottschalks – **BRET LEVY** is VP Credit, (209) 434-8000, fax (209) 434-4801.

Harris Co. – **BUD FARR** is Dir. of Credit, (909) 889-0444 x2545, fax (909) 383-0183.

Jacobson's – **KENNETH KATZ** is Director of Credit, (517) 764-6000 x436, fax (517) 764-5336.

JCPenney – **TED SPURLOCK** is Sr. VP, (972) 431-1938, fax (972) 431-1967.

Jewellers Financial – **GARY MALTON** is VP, (972) 580-4965, fax (972) 580-4011.

Kohl's – **PAUL MARSHALL** is VP Credit, (414) 703-7000 x1876, fax (414) 703-6353.

Liberty House – **JOHN MONAHAN** is President & CEO, (808) 945-5500, fax (808) 945-5571.

May Dept. Store Co. – **JOEL REBMANN** is Sr. VP, (314) 342-6471, fax (314) 342-3033.

Mercantile – **CHARLES UNFRIED** is President Credit Services, (504) 389-7465, fax (504) 389-7067.

Navy Exchange – **STEVE RODGERS** is Treasurer, (757) 631-3720, fax (757) 631-3724.

Neiman Marcus – **BILL HOUGH** is VP Credit Services, (214) 761-2699, fax (214) 761-2650.

Nordstrom – **JOHN WALGAMOTT** is President Nordstrom Nat'l Credit Bank, (303) 397-4730, fax (303) 397-4775.

Pier 1 Imports – **STEVEN MOWNER** is VP, Credit Services, (817) 878-8422, fax (817) 878-8459.

Proffitts – **MIKE RODGERS** is Credit Mgr., (601) 968-4251, fax (601) 360-2925.

Saks Fifth Avenue – **STEVEN JACOWITZ** is Director Credit Operations, (212) 940-5215, fax (212) 940-5030.

Seaman Furniture – **HELEN TREU** is Credit Manager, (516) 682-1567, fax (516) 682-1672.

Sears – **STEVEN GOLDSTEIN** is President Credit, (847) 286-3765, fax (847) 286-7574.

Specialty Retailers – **DAVID HERMAN** is Sr. VP Credit Services, (903) 589-2048, fax (903) 589-2077.

Sterling – **MARIO WEISS** is Sr. VP Credit Operations, (330) 668-5577, fax (330) 668-5971.

Swezey's Dept. Stores – **JAMES SPECHT** is VP, Retail Financial Services, (516) 475-0280 x270, fax (516) 758-8350.

Troutman's Emporium – **WILLIAM MONROE** is General Credit Manager, (541) 746-9611 x259, fax (541) 226-2374.

Whitpool – **LARRY ASSELL** is VP & Managing Dir. Consumer Finance Division, (616) 926-3348, fax (616) 927-2715.

ZCMI – **CHRISTOPHER BROWNE** is Corp. Credit Mgr., (801) 478-6425, fax (801) 579-6275.

PRIVATE LABEL CARDS

American General Finance – **DANNY GARDNER** is VP, (812) 475-4113, fax (812) 475-4212.

Associates First Capital – **MIKE GUNDY** is Sr. VP, Business Development, (972) 652-2505, fax (972) 652-2746.

Avondale Financial – **ROBERT ENGELMAN** is President, (312) 782-6200 x1642, fax (312) 782-0724.

Banc One – **BEN MANLEY** is Sr. VP and Division Head, (937) 449-8769, fax (937) 449-2157.

Beneficial Credit Services – **ROSS LONGFIELD** is President, (908) 781-3550, fax (908) 781-4074.

Citicorp Retail Services – **JAY GUSKIND** is President, (516) 673-2621, fax (516) 673-2598.

CrediCard Financial – **STEWART ARMSTRONG** is President, (210) 829-7117, fax (210) 822-4882.

Custom Data – **LEONARD LEFF** is President, (516) 379-1053, fax (516) 546-3820.

First Family Financial – **KAY LOVERN** is VP of Sales, (404) 266-5480, fax (404) 266-5831.

GE Capital – **DANIEL PORTER** is President & CEO, Retailer Financial Services, (203) 357-3895, fax (203) 961-5246.

Green Tree Financial – **BRUCE CRITTENDEN** is Sr. VP, (612) 293-4866, fax (612) 293-4890.

Household Retail Services – **CHUCK COLUP** is Mng. Dir. & CEO, (847) 564-6506, fax (847) 205-7441.

NationsBank – **MICHELLE HEATH** is Sr. VP & Private Label Manager, (704) 386-7912, fax (704) 386-9169.

Shoppers Charge Accounts – **EL PECHNER** is Sr. VP, (201) 818-4000, fax (201) 818-4770.

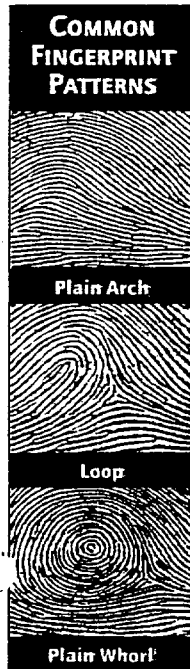
SPS Payment Systems – **ROBERT ATKINSON** is Sr. VP, Private Label Consumer Card Services, (847) 465-3217, fax (847) 465-3217.

World Financial – **JOHN J. JONES** is President, (614) 755-1400, fax (614) 755-1400.

Identicator (from page 7) **FINGER IMAGE TERMINAL.** The company most experienced in applying finger image technologies for broad-based consumer identification purposes is Identicator. The prototype terminal shown here, manufactured by Identicator and MagTek, is designed to be used primarily off-line for cardholder authentication. Cardholders can be enrolled: (1) by mail ... (2) by automatic enrollment after the first time they use the terminal at the point of sale, or ... (3) by terminal operators at predetermined locations. In a stand-alone environment, the terminal can verify an individual as being the rightful cardholder by automatically comparing a live scan of the cardholder's finger with data containing that person's finger minutiae encoded in the card's magnetic stripe. If further confirmation is desired, the terminal can match the person's finger minutiae on-line with the same data stored in the card issuer's host computer.

The terminal can also function as a standard debit card terminal requiring use of a PIN, and has been designed to deliver electronic benefits for government-assistance programs. With a smart card reader, it could be a prime candidate as an all-purpose POS merchant terminal of the future. It would sell in quantity for under \$350.

Identicator scanners and finger minutiae systems are already installed in 700 ATMs in Spain to support delivery of government-assistance benefits via smart cards. The private company was formed 25 years ago by President Oscar Pieper, and is headquartered in San Bruno, California south of San Francisco, (415) 873-8650, fax (415) 873-8653.



MASTERCARD FINGER IMAGING. After reviewing all major biometric systems being marketed to the card industry, MasterCard decided on finger minutiae and chose Identicator to provide the initial test at its New York headquarters. Visitors are registered by pressing a finger against a touch screen to create a digitized version of the fingerprint — no image of the actual print is maintained on file. The next step will involve employees in a test of finger minutiae data stored on a chip card used for security access.

In the short range, finger minutiae will be available for MasterCard members who may want to bid on two new U.S. government programs. One calls for development of a multifunctional chip card for employees of the General Services Administration and will require biometrics to be used for data security and access control. The other covers various assistance programs ... the U.S. government wants all federal benefit payments to be transferred electronically before 2000.

EBT would require issuing cards to the 12 million Americans who receive some form of benefits including food stamps, welfare checks, aid to families with dependent children, veterans benefits, military paychecks and pensions, and social security payments. The new system would deliver these benefits via: (A) proprietary debit cards issued by financial institutions requiring PINs, or ... (B) government-issued cards with finger minutiae encoded in the magnetic stripe. ATM and POS terminals linked to this system must be able to accept both types of cards and ... (turn to page 10)

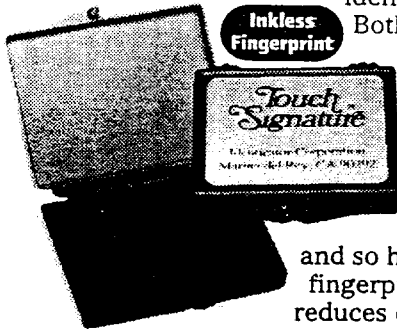
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Identicator (from page 9) ... authenticate the cardholder on-line or off-line.

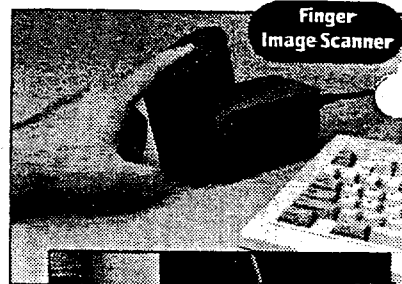
Long range, MasterCard's finger minutiae could be incorporated into all MasterCard smart cards, but the technology was not adopted in time to be a part of the introductory test of smart cards in Europe later this year. MasterCard is expected to enter into an alliance with Identicator to supply finger imaging systems, hardware, and software for specific applications. Joel Lisker is Senior VP of Security and Risk Mgmt. at MasterCard in Purchase, New York, (914) 249-5188, fax (914) 249-4256.

FINGER IMAGING FOR FUNDS TRANSFERS. Positive identification of individuals originating funds transfers, completing electronic banking transactions, or making purchases from home or office via the Internet can be done by attaching Identicator's high-resolution finger image capture scanner or mouse. They require no separate power supply and comply with U.S. industry standards and European standards. They are also compatible with major identification systems worldwide.

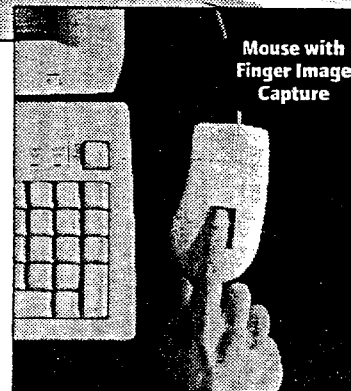


Inkless Fingerprint

Both use proprietary software for authentication and access control. They could also secure huge interbank funds transfers of the type handled by Swift and Ibos systems that still rely on passwords for network payments valued at about \$2.5 trillion daily for 3,000 banks worldwide.



Finger Image Scanner



Mouse with Finger Image Capture

AMERICAN BANKERS ASSOCIATION has endorsed Identicator's "Touch Signature" inkless fingerprint system and so has the National Notary Association. The ABA believes fingerprint requirements for cashing checks at bank branches reduces check fraud as much as 70%. A test of 56,000 check transactions two years ago found fingerprinting reduced check fraud by 42%, and only 345 customers declined to have their prints taken. Prior issues: 171, 165, 161, 151 □

GE CAPITAL ACQUIRES AMERICAN GENERAL BANK CARDS The Consumer Card Services subsidiary of GE Capital Services has acquired the \$499-million Visa/MasterCard credit card portfolio of American General Finance. AGF has retained ownership of its \$622-million portfolio of retail card outstandings. The company is a division of American General Corp., a diversified financial services organization providing consumer loans, life insurance, and retirement services. Danny Gardner is VP Card Services at American General Finance in Evansville, Indiana, (812) 475-4113, fax (812) 475-4212.

Acquisition of the AGF portfolio moves GE Capital up to 22nd place among U.S. issuers of Visa/MasterCard credit cards. Kathryn Marinello is President at GE Capital Consumer Card Services in Mason, Ohio, (513) 459-6801, fax (513) 459-6806. □

July 14, 1997

H. Spencer Nilson

H. Spencer Nilson